

# MAPLE LEAF GARDENS, LIMITED

and its wholly owned subsidiary companies

AR07

## CONSOLIDATED STATEMENT OF INCOME

YEAR ENDED AUGUST 31, 1974

(with comparative figures for 1973)

	<u>1974</u>	<u>1973</u>
Revenue from operations	\$10,310,534	\$ 8,455,069 ✓
Investment and other income	103,660	134,164 ✓
	<u>10,414,194</u>	<u>8,589,233</u> ✓
Operating expenses (notes 5 and 8)	9,842,935	6,301,168 ✓
Income before income taxes and extraordinary item	<u>571,259</u>	<u>2,288,065</u> ✓
Income taxes (note 7)		
Current	357,968	840,900 ✓
Deferred	43,000	294,000 ✓
	<u>400,968</u>	<u>1,134,900</u> ✓
Income before extraordinary item	<u>170,291</u>	<u>1,153,165</u> ✓
Proceeds from National Hockey League 1974 Expansion, net of current income taxes of \$43,000 and deferred income taxes of \$104,000 (note 7(a))	603,000	—
Net income for the year	<u>\$ 773,291</u>	<u>\$ 1,153,165</u> ✓
Earnings per share		
Income before extraordinary item	\$ .23	\$1.57 ✓
Extraordinary item	.82	—
Net income for the year	<u>\$1.05</u>	<u>\$1.57</u> ✓

## CONSOLIDATED STATEMENT OF RETAINED EARNINGS

YEAR ENDED AUGUST 31, 1974

(with comparative figures for 1973)

	<u>1974</u>	<u>1973</u>
Balance at beginning of year		
As previously reported	\$ 2,139,683	\$ 2,282,739
Settlement of advances from directors net of income taxes of \$23,000 (note 2)	344,604	335,648
Adjustment of prior years income taxes, current and deferred	(66,000)	(66,000)
As restated	<u>2,418,287</u>	<u>2,552,387</u>
Net income for the year	<u>773,291</u>	<u>1,153,165</u>
	<u>3,191,578</u>	<u>3,705,552</u>
Dividends — \$1.00 (\$1.75 in 1973) per share	735,580	1,287,265
Balance at end of year	<u>\$ 2,455,998</u>	<u>\$ 2,418,287</u>

(See accompanying notes)







# MAPLE LEAF GARDENS, LIMITED

and its wholly owned subsidiary companies

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED AUGUST 31, 1974

### 1. SUMMARY OF ACCOUNTING POLICIES

#### Principles of Consolidation

The consolidated financial statements include the accounts of the company and its wholly owned subsidiary companies, Oklahoma City Blazers Inc. from incorporation on July 1, 1973 to June 30, 1974 and Tulsa Hockey Club Inc. for its 1973 and 1974 fiscal year ending on June 30. Subsequent to August 31, 1974 Tulsa Hockey Club Inc. sold its property and equipment and discontinued its operations. No significant profit or loss is anticipated upon sale and discontinuance.

The 1974 consolidated statement of income includes the operations of Concert Productions International Limited from incorporation on August 16, 1973 until the sale of its shares on August 30, 1974 to an officer and director of Maple Leaf Gardens, Limited. Concert Productions International Limited had a loss from operations of approximately \$125,000 which was recovered on the sale of the shares. The operations and sale of shares of Concert Productions International Limited had no effect on consolidated net income of Maple Leaf Gardens, Limited.

#### Basis of Translation

Assets, liabilities, revenues and expenses, which are maintained in U.S. dollars, have been translated to Canadian dollars at the following rates of exchange:

- (a) Current assets and liabilities — at the rate of exchange prevailing at the balance sheet date;
- (b) Non-current assets and liabilities — at the rate of exchange prevailing at the dates of acquisition of these assets and liabilities;
- (c) Revenue and expenses — at the average rate of exchange during the year except for depreciation which is translated on the same basis as the related fixed assets.

#### Fixed Assets

Land, buildings and equipment are stated at cost. Depreciation is provided on a diminishing-balance basis, generally using rates of 5% for buildings and 20% for equipment.

#### Deferred Charges

The company has entered into employment contracts with certain of its employees which call for substantial initial cash payments. These cash payments are reflected on the consolidated balance sheet as deferred charges and are being amortized over the life of the employment contracts.

#### Franchises

Franchises represent the costs of purchase of the predecessor hockey club which upon reorganization eventually became the Toronto Maple Leaf Hockey Club and a member of the N.H.L. The franchise rights are recorded as an intangible asset and are not being amortized as management believes they have a continuing value.

#### Deferred Income

Deferred income principally represents season ticket payments received in advance for the 1974-1975 N.H.L. hockey season. These amounts will be recorded in income as earned.

#### Income Taxes

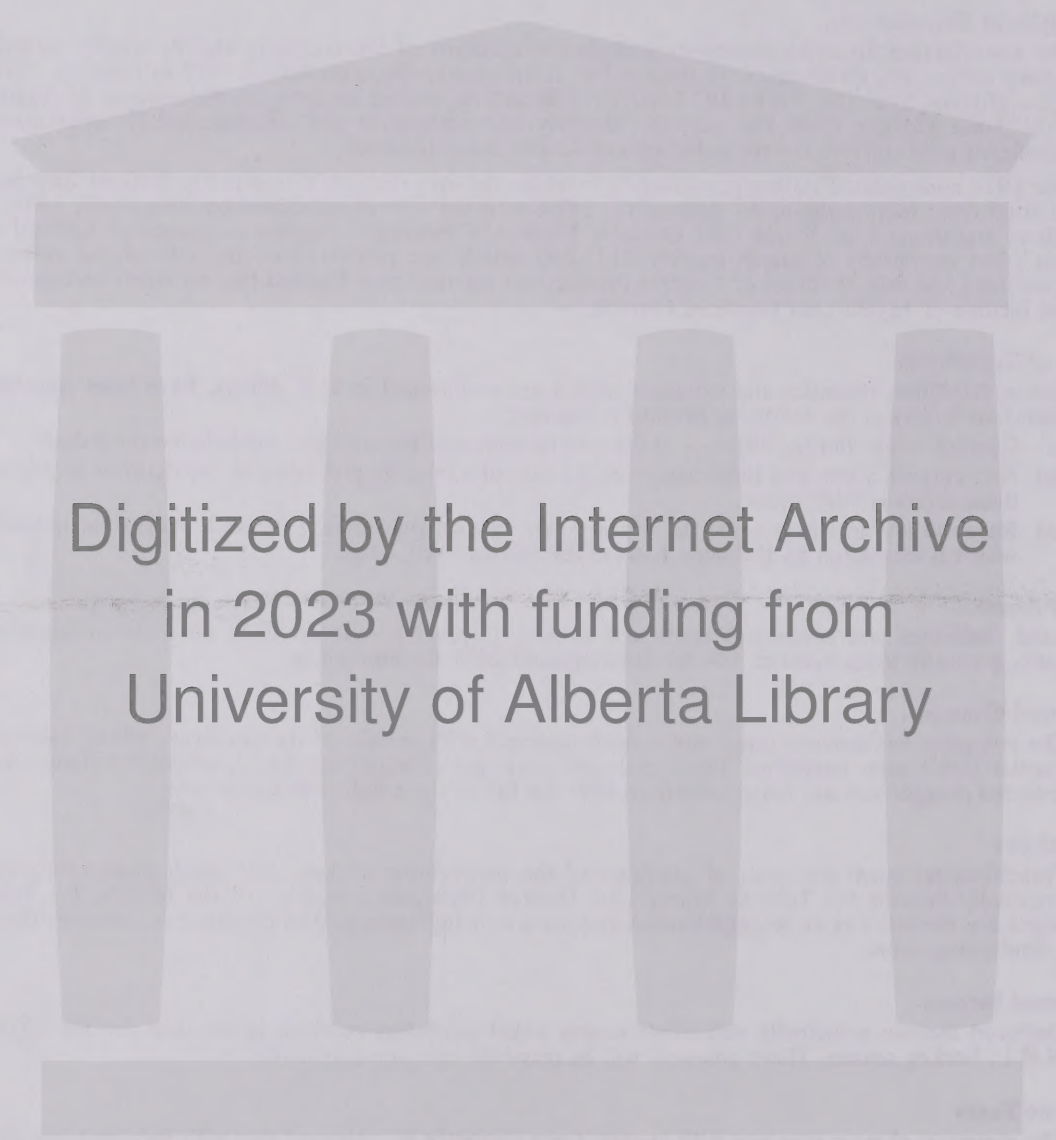
The company charges earnings with income taxes currently payable and also with income taxes deferred by claiming certain costs for income tax purposes in excess of related costs charged to income. Similarly, certain revenues are recorded in the accounts before they are recognized for income tax purposes. The accumulated total of such income tax deferrals is reflected in the consolidated balance sheet as "Deferred income taxes".

#### Revenue and Expense

Included in revenues are (a) the gross revenues for those attractions for which Maple Leaf Gardens, Limited is the promoter and (b) a minimum rent or percentage of the gate (whichever is greater) in those cases where the company is merely offering their facilities as a landlord.

The company has adopted the practice of recognizing the revenue from the N.H.L. expansions in the year in which the expansions took place. Similarly, certain revenues and expenses that relate principally





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# MAPLE LEAF GARDENS, LIMITED

and its wholly owned subsidiary companies

*Don Campbell*

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

YEAR ENDED AUGUST 31, 1974

to the next succeeding hockey season are deferred in the accounts and charged or credited to income in the next fiscal year.

### 2. RECEIVABLE FROM DIRECTORS

During the year the company received from special legal counsel a report detailing his review of certain legal proceedings involving two directors (one of whom is now deceased). Under the terms of this report the two directors were considered to be liable to the company in the amount of \$321,169. Similarly, interest accrued on the directors' advances of \$46,435 net of income taxes of \$23,000 was deemed not payable. The settlement recommended by special legal counsel was approved by the Board of Directors of the company and agreed to and paid by the two directors or their representatives.

Because these transactions relate to prior years, they have been treated as prior period adjustments in these financial statements and accordingly the 1973 figures have been restated.

### 3. NOTES RECEIVABLE

Notes receivable consist of receivables relating to the N.H.L. expansions of 1970, 1972 and 1974. These notes bear interest (generally at the prime banking rate plus 1%) and are repayable in varying annual instalments to 1992.

### 4. INVESTMENT IN SHARES OF MUTUAL FUNDS

Under the terms of an employment contract the company has agreed to a deferred compensation plan whereby the company will invest \$198,000 in shares of mutual funds over a five year period. The company owns these shares and will administer the investment for a twenty year period at which point the net value of the investment, net of income taxes and certain costs charged back to the employee, will be paid to the employee under the terms of the plan. All revenues generated from the investments will be reinvested in shares of mutual funds by the company.

### 5. INVESTMENT IN LIMITED PARTNERSHIP

During the year the N.H.L. and 15 member clubs entered into an agreement to buy certain of the assets (principally the franchise rights and related hockey contracts) of the N.H.L. Oakland Hockey Club and the minor league Salt Lake City Hockey Club. Subsequent to this purchase a Limited Partnership was formed to hold the assets and liabilities purchased and operate the two hockey clubs. Maple Leaf Gardens, Limited assigned their interest and the liabilities owing as a result of the purchase therein to the Limited Partnership after investing \$150,000 in units of the Partnership. As a member of the Limited Partnership they share in the profits or losses of the Partnership to the extent of 6.45%. In 1974 the company has been assessed by the N.H.L. for their share of Oakland operating losses and cash requirements to operate the franchise and these assessments amounting to approximately \$55,000 have been included in operating expenses.

Maple Leaf Gardens, Limited is contingently liable for the balance payable related to the purchase of assets transferred to the Limited Partnership. This amounted to approximately \$334,000 at August 31, 1974. The company is also contingently liable for the debts and operating losses incurred by the hockey clubs purchased.

### 6. FIXED ASSETS

	1974			1973
	Cost	Accumulated Depreciation	Net	Net
Land	\$1,187,385		\$1,187,385	\$1,187,385
Land improvements	29,220	\$ 10,407	18,813	19,596
Buildings	3,426,833	1,931,976	1,494,857	1,538,942
Machinery and equipment	1,246,099	773,914	472,185	273,695
Automotive equipment	49,527	40,483	9,044	12,920
	<u>\$5,939,064</u>	<u>\$2,756,780</u>	<u>\$3,182,284</u>	<u>\$3,032,538</u>





# MAPLE LEAF GARDENS

(Incorporated under the laws of Ontario  
and its wholly owned subsidiary)

## CONSOLIDATED BALANCE SHEET

(with comparative figures for 1973)

### ASSETS

	1974	1973
<b>CURRENT ASSETS</b>		
Cash, including interest bearing deposits	\$1,129,068	\$ 312,013
Accounts receivable	463,409	257,633
Receivable from directors (note 2)	—	75,039
Income taxes recoverable	312,697	273,582
Current portion of notes receivable	243,921	161,635
Prepaid expenses	216,395	233,405
	<u>2,365,490</u>	<u>1,313,307</u>
<b>INVESTMENTS AND OTHER ASSETS</b>		
Notes receivable (note 3)	978,596	685,955
Investment in shares of mutual funds, at cost (market value \$63,300) (note 4)	80,391	—
Investment in Limited Partnership, at cost (note 5)	150,000	—
	<u>1,208,987</u>	<u>685,955</u>
<b>FIXED ASSETS (note 6)</b>		
Land, buildings and equipment, at cost	5,939,064	5,642,375
Less accumulated depreciation	2,756,780	2,609,837
	<u>3,182,284</u>	<u>3,032,538</u>
<b>DEFERRED CHARGES less amortization</b>	<u>506,782</u>	<u>413,500</u>
<b>FRANCHISES</b>	<u>100,001</u>	<u>100,001</u>
	<u>\$7,363,544</u>	<u>\$5,545,301</u>

Approved by the Board

HAROLD E. BALLARD, Director

PAUL McNAMARA, Q.C., Director

AUDITORS

To the Shareholders of  
Maple Leaf Gardens, Limited

We have examined the consolidated balance sheet of Maple Leaf Gardens, Limited, and the consolidated statements of income, retained earnings and changes in financial position for the year then ended, and we have tested the accounting procedures and such tests of accounting records and other supporting documents as we considered necessary.

In our opinion these consolidated financial statements present fairly the financial position of Maple Leaf Gardens, Limited, at the year then ended, in accordance with the accounting principles generally accepted in Canada, and the changes in their financial position for the year then ended, in accordance with those principles.

Toronto, Canada  
November 28, 1974





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AUGUST 31, 1974

31, 1973)

## LIABILITIES

	1974	1973
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 560,586	\$ 193,276
Entertainment and other taxes payable	107,416	113,669
Deferred income	3,642,374	2,442,290
Deferred income taxes related to current assets	104,500	55,300
	<u>4,414,876</u>	<u>2,804,535</u>
DEFERRED COMPENSATION PAYABLE (note 4)	<u>72,391</u>	<u>—</u>
DEFERRED INCOME TAXES	<u>383,500</u>	<u>285,700</u>

## SHAREHOLDERS' EQUITY

<b>CAPITAL STOCK</b>		
Authorized — 1,000,000 shares without par value		
Issued — 735,580 shares	36,779	36,779
	<u>2,455,998</u>	<u>2,418,287</u>
<b>RETAINED EARNINGS</b>	<u>2,492,777</u>	<u>2,455,066</u>
	<u>\$7,363,544</u>	<u>\$5,545,301</u>

Contingent liabilities (notes 5 and 8)

s wholly owned subsidiary companies as at August 31, 1974 and the year then ended. Our examination included a general review of the we considered necessary in the circumstances.

on of the companies as at August 31, 1974 and the results of their in generally accepted accounting principles applied on a basis consistent

THORNE RIDDELL & CO.  
Chartered Accountants





# MAPLE LEAF GARDENS, LIMITED

and its wholly owned subsidiary companies

## CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION YEAR ENDED AUGUST 31, 1974

(with comparative figures for 1973)

	<u>1974</u>	<u>1973</u>
Working capital derived from		
Operations		
Income before extraordinary item	\$ 170,291	\$1,153,165
Items not involving working capital		
Depreciation and amortization	286,528	243,751
Non-current portion of deferred income taxes	14,600	238,700
	<u>471,419</u>	<u>1,635,616</u>
Proceeds from N.H.L. expansion net of non-current portion of notes receivable of \$425,000 and income taxes of \$63,800	261,200	—
Deferred compensation	72,391	—
Reduction of non-current portion of notes receivable	132,359	120,385
	<u>937,369</u>	<u>1,756,001</u>
Working capital applied to		
Dividends	735,580	1,287,265
Additions to fixed assets	296,689	44,233
Notes receivable	—	50,000
Deferred charges	232,867	503,500
Investment in shares of mutual funds	80,391	—
Investment in Limited Partnership	150,000	—
	<u>1,495,527</u>	<u>1,884,998</u>
Decrease in working capital position	<u>558,158</u>	<u>128,997</u>
Working capital deficiency at beginning of year		
As previously reported	1,816,832	1,678,879
Settlement of advances from directors net of income taxes of \$23,000	(344,604)	(335,648)
Adjustment of prior years income taxes, current portion	19,000	19,000
As restated	<u>1,491,228</u>	<u>1,362,231</u>
Working capital deficiency at end of year	<u>\$2,049,386</u>	<u>\$1,491,228</u>

(See accompanying notes)







# COMPANY'S RECORD 1932 - 1974

## EARNINGS PER SHARE\*

Fiscal Year Ended August 31	Paid Attendance	Net Income From Operations	Extra- Ordinary Income	EARNINGS PER SHARE*			DIVIDENDS PAID		Retained Earnings at End of Year
				From Operations	From Extra- Ordinary Income	Total Earnings	Preference	Common	
1932	810,064	\$ 40,535	\$ —	\$ .06	—	\$ .06	\$ —	\$ —	\$ 40,535
1933	737,983	48,304	—	.07	—	.07	—	—	67,839
1934	782,426	15,806	—	.02	—	.02	—	—	86,474
1935	1,195,618	40,737	—	.06	—	.06	28,000	—	96,149
1936	882,835	30,378	—	.04	—	.04	28,000	—	100,622
1937	786,050	45,114	—	.06	—	.06	40,000	—	104,684
1938	960,363	87,720	—	.12	—	.12	56,000	—	136,404
1939	878,228	81,190	—	.11	—	.11	55,453	—	162,141
1940	952,927	60,466	—	.08	—	.08	55,453	—	161,192
1941	970,768	48,136	—	.07	—	.07	31,687	—	179,079
1942	1,209,088	86,176	—	.12	—	.12	31,687	—	241,218
1943	1,236,172	74,683	—	.10	—	.10	55,453	—	260,448
1944	1,313,005	88,252	—	.12	—	.12	55,453	—	293,248
1945	1,447,099	90,783	—	.12	—	.12	49,867	—	320,293
1946	1,712,007	134,354	—	.18	—	.18	42,265	18,390	356,249
1947	1,410,268	190,009	—	.26	—	.26	—	36,779	402,560
1948	1,660,733	190,399	—	.26	—	.26	—	73,558	640,498
1949	1,659,486	165,532	—	.23	—	.23	—	73,558	732,472
1950	1,689,887	164,386	—	.22	—	.22	—	73,558	818,296
1951	1,580,792	172,896	—	.24	—	.24	—	110,337	880,854
1952	1,489,954	184,850	—	.25	—	.25	—	147,116	918,588
1953	1,484,094	191,084	—	.26	—	.26	—	147,116	962,556
1954	1,514,184	256,899	—	.35	—	.35	—	191,250	1,057,785
1955	1,251,573	199,163	—	.27	—	.27	—	191,251	1,065,697
1956	1,334,024	289,786	—	.39	—	.39	—	191,251	1,164,232
1957	1,330,459	214,586	—	.29	—	.29	—	176,538	1,202,280
1958	1,200,647	226,244	—	.31	—	.31	—	176,539	1,251,985
1959	1,241,510	205,596	—	.28	—	.28	—	176,539	1,281,042
1960	1,259,251	228,648	—	.31	—	.31	—	176,539	1,333,151
1961	1,084,227	276,715	—	.38	—	.38	—	176,539	1,433,327
1962	1,116,808	301,486	—	.41	—	.41	—	220,674	1,514,139
1963	1,171,796	243,802	48,736	.33	.07	.40	—	250,097	1,556,580
1964	1,251,746	292,715	40,000	.40	.05	.45	—	294,232	1,595,063
1965	1,395,673	920,898	—	1.25	—	1.25	—	294,232	2,221,729
1966	1,317,299	829,993	363,829	1.13	.49	1.62	—	441,348	2,974,203
1967	1,459,199	900,706	2,256,572	1.22	3.07	4.29	—	2,280,293	3,851,183
1968	1,465,252	758,919	—	1.03	—	1.03	—	2,942,320	2,503,982
1969	1,420,617	911,770	76,025	1.24	.10	1.34	—	735,580	2,396,197
1970	1,676,992	913,360	952,000	1.24	1.30	2.54	—	919,475	3,122,082
1971	1,786,293	934,272	—	1.27	—	1.27	—	919,475	3,031,879
1972	1,812,882	1,583,932	793,143	2.15	1.08	3.23	—	3,126,215	2,282,739
1973	1,764,770	1,153,165	—	1.57	—	1.57	—	1,287,265	2,418,287
1974	1,782,483	170,291	603,000	.23	.82	1.05	—	735,580	2,455,998

Adjusted for stock splits of 4 for 1 in 1947 and 5 for 1 in 1965.





# MAPLE LEAF GARDENS, LIMITED

## DIRECTORS REPORT TO THE SHAREHOLDERS OF MAPLE LEAF GARDENS

Your Directors take pleasure in submitting the Consolidated Financial Statements for the year ended August 31, 1974.

Net income for the year was \$773,291.00 or \$1.05 per share down from \$1,153,165.00 or \$1.57 per share for the previous period (as restated). During the year dividends were paid amounting to \$1.00 per share.

During 1974 attendance and revenues from all attractions were maintained or increased over 1973. However the costs of hockey operations increased considerably due to player salary demands and the increased cost of travel and supplies. Your Directors believe that effective measures have been taken through increased admission prices and scheduled use of the arena that will significantly improve operating results for 1975.

Once again the "Gardens" presented many fine moments of entertainment and the current year's attractions are bigger and better than ever. We wish to express our appreciation to this Community and the patrons who support us and to our dedicated staff that make every event possible.

Toronto,  
January 15, 1975.

On Behalf of the Directors:  
  
HAROLD E. BALLARD,  
President & Managing Director.



